

Message Text

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C O N F I D E N T I A L TOKYO 12505

E. O. 11652: GDS

TAGS: TECH, JA

SUBJ: JAPANESE SALE OF NUCLEAR EQUIPMENT TO USSR

REFS: A) TOKYO 12221, B) STATE 198058, C) TOKYO 11881,
D) STATE 192206, E) TOKYO 10296

1. SCICOUNS AND POLOFF CALLED ON HIROHIKO OTSUKA, UN BUREAU, MOFA, UPON LATTER'S RETURN TO WORK 8/17, FOR PURPOSE OF SOLICITING HIS VIEWS CONCERNING USG/GOJ TALKS ON PROPOSED REACTOR COMPONENT SALES TO USSR (REFTELS B AND C). AS ANTICIPATED BY EMBOFFS, OTSUKA WAS UNAWARE OF JAIF INITIATIVES IN ARRANGING SUCH TALKS. HOWEVER, HE SUPPORTED PRINCIPLE OF HOLDING TALKS AND MODUS OPERANDI OUTLINED BY DEPT., I.E., ONE SESSION ATTENDED BY GOVERNMENTAL REPS ONLY, FOLLOWED BY SESSION INVOLVING JAPANESE INDUSTRY (WITH GOVERNMENTAL PARTICIPATION FROM BOTH SIDES). HE ALSO FULLY AGREED WITH USG POSITION THAT TALKS CANNOT BE HELD WITHOUT FULL GOJ KNOWLEDGE AND PARTICIPATION.

2. ALTHOUGH OTSUKA WAS CAUGHT SOMEWHAT UNAWARES BY REVELATION OF JAIF INITIATIVE, HE COMPLIMENTED JAIF ON TAKING THE ACTION -- POINTING OUT CONTRARY TO PREVIOUS STATEMENTS IN PRESS, JAPANESE UTILITIES AND NUCLEAR INDUSTRY WERE IN FACT SENSITIVE TO COCOM AND TECHNOLOGY TRANSFER (INCLUDING LICENSES FROM US FIRMS) IMPLICATIONS OF PROPOSED SALE TO USSR. HOWEVER, IT BECAME CLEAR DURING DISCUSSION THAT MOFA
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(OR AT LEAST UN BUREAU OF MOFA) HAD NOT BEEN BROUGHT UP TO DATE ON

STATUS OF NEGOTIATIONS BETWEEN INDUSTRY AND USSR, AND THAT MOFA HAD NOT BEEN APPROACHED YET TO OBTAIN ITS APPROVAL FOR SALE.

3. REGARDING VENUE AND TIMING OF USG/GOJ/INDUSTRY DISCUSSIONS, FOLLOWING POINTS DEVELOPED:

A. OTSUKA BELIEVES TOKYO WOULD BE MORE DESIRABLE SITE THAN WASHINGTON, SINCE LARGE NUMBER OF JAPANESE ENTITIES ARE INVOLVED (JAIF, MITI, STA, MOFA, MANUFACTURERS, UTILITIES).

B. SELECTION OF TIME FOR MEETINGS IS COMPLICATED BY SEVERAL FACTORS, INCLUDING A NUMBER OF FORTHCOMING EVENTS THAT MAY COMPETE FOR ATTENDANCE BY EXPERT PERSONNEL FROM BOTH SIDES, SUCH AS IAEA GENERAL CONFERENCE IN RIO MIDDLE OF SEPT, UNGA MEETING LATE SEPTEMBER, AND NEXT SESSION OF LONDON NUCLEAR SUPPLIERS CONFERENCE. NEITHER OTSUKA NOR EMBOFFS KNOW AT THIS TIME WHETHER THERE IS ANY URGENCY ASSOCIATED WITH TALKS IN MINDS OF JAIF AND INDUSTRY, ALTHOUGH IT CAN BE SPECULATED THAT NOT ENOUGH POLITICAL GROUNDWORK HAS BEEN DONE TO WARRANT ASSUMING THAT THE JAPANESE AND SOVIETS ARE CLOSE TO REACHING AGREEMENT ON CONTRACT. SCICOUNS POINTED OUT THAT TIMING AND PLACE ALSO COULD BE INFLUENCED BY NOVEMBER MEETING OF U.S. ATOMIC INDUSTRIAL FORUM IN WASHINGTON, WHICH PRESUMABLY WILL BE ATTENDED BY SIGNIFICANT NUMBER OF JAPANESE NUCLEAR INDUSTRIALISTS WHO MAY BE ALSO INVOLVED WITH SALE TO USSR. OTSUKA HIMSELF IS PLANNING TO GO TO NEW YORK FOR UNGA SESSION, PROBABLY ARRIVING THERE AROUND OCT 1, AFTER FORNMIN MIYAZAWA AND UN BUREAU DIRECTOR-GENERAL OKAWA HAVE RETURNED TO TOKYO.

C. AWARE OF POSTPONEMENT OF USG/GOJ MEETING ON REGIONAL FUEL REPROCESSING CONCEPT (PER TELCON FROM DEPT), OTSUKA SUGGESTED THAT WHEN THIS MEETING IS RESCHEDULED, IT MIGHT BE OPPORTUNE TO DISCUSS USSR SALE AT SAME TIME. (EMBOFFS SPECULATED THAT USG REPS TO REPROCESSING TALKS MIGHT WELL BE AMONG THOSE INVOLVED WITH ISSUE OF SALE TO USSR).

D. WHAT MAY BE COMPLICATING AND IN FACT DISCONCERTING FACTOR IN GOJ PARTICIPATION IS CURRENT POLITICAL CRISIS DERIVING FROM LOCKHEED AFFAIR. POSSIBLE RESIGNATION OF PRIME MINISTER, SPECIAL DIET SESSION, LOWER HOUSE ELECTIONS, ETC., COULD AFFECT SENIOR MANAGEMENT STRUCTURE OF GOVT AT ALMOST ANY TIME IN EXT SEVERAL MONTHS, CREATING A HIATUS IN DECISION-MAKING AND EVEN ATTENDANCE AT MEETINGS.

E. SINCE MOFA HAS NOT YET BEEN APPROACHED BY JAIF ON SALE TO USSR, THERE REMAINS POSSIBILITY THAT JAIF MAY HAVE DISTINCT VIEWS ON VENUE AND TIMING THAT MUST BE CONSIDERED.

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4. DURING COURSE OF DISCUSSION, EMBOFFS BROUGHT UP VISIT TO MOSCOW BY KEIDANREN DELEGATION AND STATEMENT MADE BY BREZHNEV THAT HE WAS PROPOSING A "PRIVATE" S&T OR ATOMIC ENERGY AGREEMENT (IN CONTRAST TO EXISTING GOVERNMENTAL AGREEMENT) BETWEEN USSR AND JAPAN, PRESUMABLY TO INCLUDE SALE OF REACTOR COMPONENTS TO USSR (REFTEL A). AGAIN, OTSUKA

CLAIMED TO BE UNINFORMED OF NATURE OF DISCUSSIONS BETWEEN DOKO OF

KEIDANDREN AND HIGH-LEVEL SOVIET OFFICIALS, BUT STATED THAT NEWSPAPER REPORTS GAVE HIM A REASON TO ASK MR. DOKO FOR A REPORT ON HIS TRIP AND ON BREZHNEV'S PROPOSAL. INCIDENTALLY, OTSUKA SAID THAT THE PHRASE "PRIVATE AGREEMENT" USED BY EMBOFFS HAD APPEARED IN JAPANESE-LANGUAGE PRESS AS MEANING "BUSINESS ARRANGEMENT". HOWEVER, ENGLISH-LANGUAGE PRESS IN JAPAN USED SAME PHRASE AS THAT EMPLOYED BY EMBOFFS.

5. IT WAS AGREED THAT NEITHER OTSUKA NOR EMBOFFS WOULD TAKE INITIATIVE

IN INFORMING MORI OF JAIF THAT MOFA HAD BEEN MADE AWARE OF JAIF PROPOSAL. INSTEAD, EMBASSY WILL WAIT TO BE CONTACTED AGAIN BY MORI AFTER HIS CONSULTATIONS WITH DOKO (REFTEL C). AT THAT TIME EMBASSY WILL INFORM MORI OF NEED FOR FULL GOJ INVOLVEMENT IN TALKS AND WILL SUGGEST THAT HE INFORM MOFA. IN MEANTIME, OTSUKA PLANS TO CHECK WITH OTHER BUREAUS OF MOFA, PARTICULARLY ECONOMIC AFFAIRS AND EUROPEAN AND OCEANIC AFFAIRS (INCLUDES USSR DESK), TO SEE IF THEY HAVE INFO ON SALE

TO USSR OR DOKO MOSCOW TALKS.

6. EMBASSY WILL REPORT FURTHER ON HEARING FROM MORI. IN INTERIM, ANY GUIDANCE THAT DEPT CAN FURNISH ON VENUE OR TIMING OF MEETING, AS WELL AS FEASIBILITY OF COMBINING IT WITH DISCUSSIONS ON OTHER SUBJECTS

WOULD BE HELPFUL AND APPRECIATED.
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